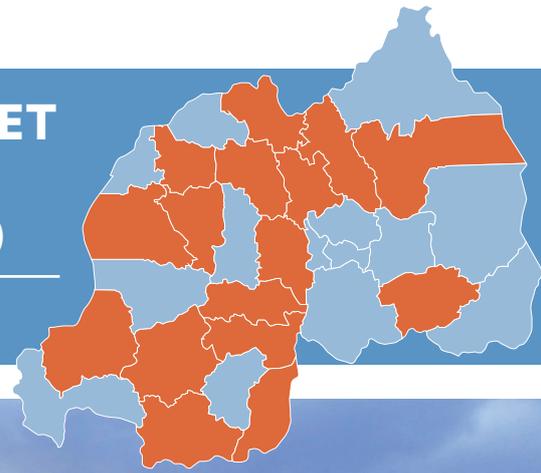




CONTRIBUTION TO THE BASKET FUNDING FOR PRO-POOR DEVELOPMENT (PPD-BASKET)

RWA/029



SECTOR | Socio-economic development

DURATION | 43 months (December 2023 - June 2027)

TARGET GROUPS

Local communities, Small and Medium Enterprises (SMEs), and entrepreneurs in the most disadvantaged districts.

SECTORIAL POLICIES AND REFERENCE STRATEGIES

- Rwanda's Vision 2050;
- National Strategy for Transformation;
- Local Economic Development Strategy.

INSTITUTIONAL ANCHORAGE

Ministry of Local Government (MINALOC) and Local Administrative Entities Development Agency (LODA)

BUDGET | EUR50.03 MILLION

(Luxembourg government (grant): EUR3.03 million; AFD (loan): EUR16 million, KfW (grant): EUR31 million)



Rwanda's rural areas lag significantly behind on urban areas in public investment, economic development, and access to essential services. The PPD-Basket Fund aims to bridge this gap by financing investment in local projects that promote inclusive growth and improve the well-being of communities in the most vulnerable districts. The project focuses on addressing infrastructural deficits and promoting sustainable development practices to foster economic opportunities and enhance living conditions in rural areas.

OBJECTIVES

The PPD-Basket project's primary objective is to support local economic development initiatives and infrastructures that reduce poverty and inequality. It aims to enhance infrastructure, promote sustainable agricultural practices, and improve access to public services like health, education, water, and sanitation. Additionally, the project seeks to strengthen local governance and build the capacity of local authorities to manage and implement local economic development projects effectively.

The PPD-Basket operates through a multi-faceted approach, organised into three complementary pillars:

- improvement of regulatory and operational frameworks;
- financing and implementation of Local Economic Development projects;
- technical support and capacity building.

GEOGRAPHICAL COVERAGE

The PPD-Basket project is implemented in Rwanda's 16 most disadvantaged districts, selected based on population, poverty levels, and geographic size. The project aims to ensure an equitable distribution of resources and opportunities across these districts, focusing on both urban and rural areas. The 16 targeted districts are Gisagara, Nyanza, Ngoma, Nyaruguru, Gatsibo, Nyamagabe, Ruhango, Kamonyi, Rulindo, Gakenke, Burera, Gicumbi, Rutsiro, Nyabihu, Ngororero, and Nyamasheke.

BENEFICIARIES

The intermediary beneficiaries of the PPD-Basket fund are district authorities and local authorities responsible for selecting and implementing Local Economic Development projects, usually through community-based approached and through tenders. The final beneficiaries are local communities, as well as MSMEs and entrepreneurs involved in local economy. A special emphasis is placed on supporting women and youth, ensuring their active participation and leadership in economic activities.

EXPECTED CHANGES/RESULTS

- inclusive economic growth through improved infrastructure: Increased economic opportunities for local communities and enhanced access to essential public services such as transport, health, education, water, and sanitation in the targeted districts;
- reduced poverty and inequality: tangible improvements in the living conditions and economic well-being of the most vulnerable populations;
- strengthened local governance: enhanced capacity of district authorities to manage and implement Local Economic Development projects effectively;
- enhanced climate resilience: governance improvements, updated technical specification for infrastructure resistance to climate events, and modified budgetary allocation between districts based on climate vulnerability indicators.

MAIN ACTIONS

- allocate funding to districts for Local Economic Development infrastructure projects, based on the infrastructure investment priorities set by the districts;
- technical assistance to enhance LODA's ability to manage the PPD-Basket and support districts, and to offer training and implementation support for district authorities, related to the selection and implementation of Local Economic Development infrastructure projects;
- develop and implement regulatory reforms and policies supporting Local Economic Development;
- engage local communities in project planning and implementation and promote inclusive decision-making processes to ensure the needs of vulnerable groups are addressed.

ACHIEVEMENTS AND NEXT STEPS

The PPD-Basket started in December 2023, allocating EUR8.5 million to 16 districts authorities to cover the financing of 48 Local Economic Development infrastructure projects. The projects were selected based on an allocation key, and on priorities expressed by the district authorities. In September 2024, all projects were under technical implementation, after procurement managed by the district authorities, demonstrating the capacity of the PPD-Basket to quickly and efficiently mobilise districts for implementation.

A second cohort of 52 projects, for a total of approx. EUR11 million, was selected for financing in April 2024, and is expected to start being implemented by early 2025. New cohorts of infrastructure projects are expected to be selected each year, following Rwanda planning process and fiscal year cycle.

Technical assistance for implementation is being offered by KfW, and expertise to improve adequation of the PPD-Basket with climate resilience objectives is offered by AFD. At the end of 2024, KfW has increased their contribution from EUR16 million to EUR31 million.

LUXDEV CONTACT

Rwanda office | office.rwanda@luxdev.lu
Golf View Rise Building, KG 563 Street, P.O. Box 210, Kigali, RWANDA

